



## WHAT HAPPENS TO MY BENEFITS WHEN MY EMPLOYMENT ENDS AND FREQUENTLY ASKED QUESTIONS

The following information explains what will happen to your benefits when your employment with Circuit City ends. If you need additional information, please contact the Associate Service Center at 1-800-288-6353. You will get the personalized information you need.

Additionally, so that we can contact you with important benefits information, *it is vital that we have your current home address*. If the address printed on your paycheck is *incorrect*, please email the *correct* address to [circuitcity.hrservices@hewitt.com](mailto:circuitcity.hrservices@hewitt.com) or fax it to 1-281-298-0845.

Please carefully review the information provided for all of the Plans in which you are currently enrolled.

### **BENEFITS**

#### **1. When will my medical, dental, and vision benefits stop?**

Your medical, dental, and/or vision coverage ends the last day of the month in which your employment with Circuit City ends. Deductions will be taken from your final paycheck for your last month of coverage.

#### **2. If I have medical, dental and/or vision coverage on my Separation Date, can I continue this coverage?**

Yes. You will be eligible to continue your medical, dental and/or vision coverage under a federal act known as *COBRA* (*Consolidated Omnibus Reconciliation Act of 1986*). Please see the enclosed handout in this packet marked "COBRA". Shortly after your termination, detailed information (including cost and length of coverage) regarding the continuation of your medical, dental and/or vision benefits will be mailed to your home address.

**In the event you have already scheduled a doctor's appointment prior to the COBRA packet reaching you: (1) you may keep the appointment and pay "out of pocket" for any expenses and then be reimbursed upon receipt of your COBRA election confirmation and payment; or (2) you may reschedule your appointment, until after your COBRA election confirmation and payment is received. For details contact the Associate Service Center at 1-800-288-6353 and choose the Health and Insurance option.**

#### **3. What if I don't want to continue coverage after my Separation Date?**

If you do not wish to continue coverage under COBRA, then you do not have to do anything. However, please keep in mind the following: If you become covered later by another plan and you have experienced more than a 63-day period with no health or dental coverage, a pre-existing condition exclusion period may be applied in accordance with the federal Health Insurance Portability and Accountability Act (HIPAA).

#### **4. Will I be able to keep my Life Insurance/Supplemental Life after my Separation Date?**

Your life insurance may be continued after separation with our life insurance carrier, Aetna. The appropriate paperwork must be received by Aetna within 31 days of the date your coverage ends. If you wish to continue your life insurance, please contact the Associate Service Center immediately at 1-800-288-6353 and choose the Health and Insurance option. Further information is available on Aetna's website at <http://www.aetna.com/group/circuitcity/>.



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**5. Will I be able to continue my Long Term Disability coverage?**

Long Term Disability coverage ends on your Separation Date. Conversion to an individual policy is not available

**6. As a part-time or full-time hourly Associate, will I be paid for unused, accrued PTO?**

As a result of the bankruptcy filing, Circuit City will not pay associates unused PTO hours upon termination of employment. We are authorized, and will continue, to accrue and pay PTO that associates use while employed, regardless of when the PTO accrued.

**7. If I am a participant in the Retirement Plan, how will my eligibility to receive benefits under the Plan be affected?**

If you are a participant in the Retirement Plan, all service through your Separation Date will count toward *vesting* for benefits. To be eligible to receive benefits from the Retirement Plan, you must have 5 years of vesting service. You receive a year of vesting service for each Plan Year (March 1 through the end of February) during which you worked 1,000 or more hours. If you are eligible for Early Retirement (age 55 and 10 years of vesting service or 62 and 7 years of vesting service), you can elect to start your benefits right away. If you are eligible for Normal Retirement (age 65 and 5 years of vesting service), your benefits will begin as of the first day of the month after your Separation Date.

If you are not eligible to retire but are vested, specific information about your benefits will be mailed to your home address approximately 3-4 months after your employment ends. If you are eligible to start your benefits and want additional information, call the Associate Service Center at 800-288-6353 and select the *Retirement* option to be connected with the Circuit City Pension Plan Helpline.

Please note that the Retirement Plan was frozen as of February 28, 2005, and no Associate could become a participant in the Plan after that date, and all benefit accruals under the Plan were frozen as of February 28, 2005, except for certain grandfathered participants (generally, participants within three years of their early or normal retirement date as of February 28, 2005). For the grandfathered group, all future benefit accruals are frozen for service after February 29, 2008.

**8. When can I expect to get my pension payment?**

If you have a vested benefit under the Retirement Plan (Pension), benefits are generally payable on a monthly basis, beginning on your Early or Normal Retirement Date. If you are eligible for *Early Retirement* (age 55 or older with at least 10 years of vesting service or age 62 or older with at least 7 years of vesting service) or *Normal Retirement* (age 65 or older with at least 5 years of vesting service), please call the Associate Service Center at 800-288-6353 and select the *Retirement* option to be connected with the Circuit City Pension Plan Helpline at least 90 days before the date you wish to begin receiving benefit payments.

If the present value of your retirement benefit payable at age 65 is less than \$1,000, you will be paid in a lump sum payment, and if it is over \$1,000, but does not exceed \$5,000, you will be given an opportunity to elect a lump sum payment. Such lump sum payment will be made as soon as administratively practicable after the present value has been calculated. You may elect to roll over a lump sum payment to an IRA or another Qualified Retirement Plan if that plan allows rollovers. You will receive a letter notifying you of your options approximately 3-4 months after your employment ends.

**9. If I am eligible for retirement (early or normal) can I retire on my release date and still collect my separation pay?**

If you meet the eligibility rules for *Early Retirement*, you may elect to start your retirement as of the first of any month after your Separation Date. If you meet the eligibility rules for *Normal Retirement*, your benefits will start as of the first of the calendar month after your Separation Date. Your eligibility for retirement is based on the Retirement Plan rules and is not affected by severance payments made after your release date.

**10. What happens to my Stock Purchase Plan account?**

If you were eligible for and participated in the Stock Purchase Plan, participation in the Plan ends on your Separation Date. You own the stock you have accumulated in this plan. You may contact Computershare at 1-877-377-7456 for more information about selling your stock, requesting a certificate, or leaving your account open.

**11. How will my participation in the 401(k) Plan be affected?**

If you are participating in the 401(k) Plan, your active participation in the Plan will cease as of your Separation Date. You will receive a letter from Wachovia Bank, the Plan's recordkeeper, describing your distribution options, along with important rollover and tax information, within 45 days of your Separation Date. If the current value of your account is under \$1,000 and you do not affirmatively elect a distribution, it will be distributed approximately 4-6 months after your Separation Date. Please call Wachovia Bank at 1-800-377-9188 for additional information about distributions from the 401(k) Plan.

**12. I have a loan from my 401(k) Plan. How will that be impacted?**

Provisions in the 401(k) Plan require that existing loans be paid off within 90 days following separation. If you have an existing loan and do not pay it off within 90 days, the loan will be considered in default and the outstanding balance will become a "deemed distribution" under the Plan, subject to income taxes and possible early distribution penalties. You should contact Wachovia Bank, the Plan's recordkeeper, at 1-800-377-9188 for additional information regarding loan payoff.

**13. Will my pension and the 401(k) automatically vest?**

These plans do not automatically vest when you cease employment with the Company. Vesting will be determined according to the rules of each Plan and you will be notified if you have a vested benefit due. Note that under the 401(k) Plan, you are always fully vested in your salary-reduction contributions, and you are always fully vested in Company matching contributions made after January 1, 2005.

**14. What happens to my Health Care Spending Account and/or Dependent Care Spending Account (FSA plans)?**

Participation in the FSA plans ends on your Separation Date. You will have 90 days from the end of the Plan year (February 28/29) to submit any expenses for reimbursement that were incurred while you were employed. After this 90-day period, any remaining balance in your account will be forfeited according to IRS regulations.

**15. Can I continue my membership with Truliant Federal Credit Union?**

Yes. You may remain a member of the Credit Union as long as you maintain a minimum \$5.00 savings balance.

**16. What about my other Benefit programs?**

Services through the Employee Assistance Program, LifeWorks, are available to separated Associates for three months. If you are currently receiving services through LifeWorks or wish to use the program to assist during your time of transition, continue to use the same phone number (1-888-267-8126) and access code ([www.lifeworks.com](http://www.lifeworks.com), Username: circuitcity, Passcode: lifeworks).

Participation in all other benefit programs ends on your Separation Date. Such programs include, but are not limited to Long Term Disability and Short Term Disability.

**17. Who should I contact if my supervisor/manager is unable to answer questions I may have regarding my separation package?**

You should contact Human Resources Administration at 1-800-765-5298.

**18. Who should I contact to answer questions I may have regarding my benefits?**

You should contact the Associate Service Center at 1-800-288-6353 and choose the Health and Insurance option

**19. Will I be able to continue participating in the Associate discount program?**

No, you must be an active Circuit City associate to participate so this benefit ends when you are separated.

*The preceding information summarizes how benefits are handled upon an Associate's separation of employment. This information does not confer any right to benefits to which an Associate was not otherwise eligible and did not otherwise become entitled as an employee of Circuit City. This information is intended only as general guide. If this information conflicts with a Plan's documents and/or contracts, the Plan documents and/or contracts will prevail. If you have any questions, please call the Associate Service Center at 1-800-288-6353. Circuit City reserves the right to amend or terminate its benefit plans and programs at any time and for any reason, except as otherwise required or limited by applicable law.*

**COMPENSATION**

**20. How will my final paycheck be handled?**

Depending on your state, your final paycheck will be either hand delivered or direct deposited on your last day of employment or mailed to the company's most current record of home address. If you move, please notify us of your change of address as your W2 cannot be forwarded. If you have any questions about your final check, please call the Associate Service Center at 1-800-288-6353.

**21. Will my final paycheck be taxed differently?**

No. Your final paycheck will be taxed according to your W-4 currently on file. All mandatory federal and/or state withholdings will be deducted accordingly.

**22. When will I be eligible to apply for Unemployment Compensation?**

Please contact your State Employment Commission with questions regarding general eligibility/filing requirements and information related to your specific situation.



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### **ANSWERS TO COMMON QUESTIONS ABOUT CIRCUIT CITY'S LIQUIDATION ANNOUNCEMENT**

For additional information, please read the press release regarding this announcement. You can find it by visiting <http://investor.circuitcity.com> and clicking on the link for "Breaking News".

Statements made in this document may be considered forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and are subject to risks and uncertainties. These forward-looking statements include, without limitation, statements regarding the company's expectations concerning the bankruptcy process. Actual results may differ materially from those included in the forward-looking statements due to a number of factors, including, without limitation, developments in the bankruptcy proceedings, the results of the liquidation sales and other matters.

#### **1. What's going on at Circuit City?**

- Due to challenges to our business and the continued bleak economic environment, Circuit City is going out of business and the company's assets will be liquidated to pay off creditors.
- The process was extremely difficult and we were left with no other choice but to liquidate. Circuit City had a proud heritage of serving the public for 60 years and we deeply regret the impact this decision will have on our associates, our customers and the communities where we have operated stores and other facilities.
- We had hoped to be able to emerge from Chapter 11 Bankruptcy protection as a stronger, more competitive company and we made significant progress during the reorganization to improve our business. Unfortunately, the economic climate is so poor that we have no choice other than liquidation.
- Liquidators will start arriving in our 567 stores across the U.S. over the weekend, and closing sales will start as early as Saturday, January 17. Closing sales will run as long as it takes to sell existing inventory, but are expected to wrap up by the end of March. When the liquidation sales are completed, the stores will be closed.
- At the company's corporate offices in Richmond, Va., a small staff will remain on duty during the completion of the liquidation process; most associates will be relieved of their duties immediately.
- In some locations, a specific amount of notice regarding this change may be required by state or federal law. Regardless we are informing all locations as soon as possible.
- Associates at our company headquarters will be asked to come back on Monday, January 19, to find out more about their status and to retrieve their personal belongings.

#### **2. Are you also shutting down your operations in Canada?**

No, our Canadian operations will continue. They are not affected by the liquidation of Circuit City's U.S. operations. The Canadian operations employ approximately 3,000 associates.

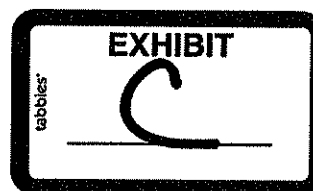
#### **3. What happens to the company's stock?**

The company does not anticipate any value will remain from the bankruptcy estate for the holders of the company's common equity, although this will be determined in the continuing bankruptcy proceedings.

#### **4. Are Circuit City's extended warranties affected by the liquidation?**

No. Circuit City Advantage Protection Plans® (extended warranties) have been backed by third-party independent companies for more than 15 years and as a result, are not impacted by Circuit City's closing.

Currently, all Circuit City Advantage Protection Plans are fully backed by the Assurant Solutions companies. Assurant Solutions operates as Federal Warranty Service Corporation, Sureway, Inc.,





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and United Service Protection, Inc. Assurant Solutions is part of Assurant, Inc. (NYSE: AIZ), and its extended service contracts are backed by an Assurant insurance subsidiary rated A "Excellent" by A.M. Best Co.

**5. Will Circuit City stores and your Web site continue to accept Circuit City gift cards?**

Yes, customers holding Circuit City gift cards may redeem them at full value at our stores during the liquidation sales. Once the stores are closed and the company is out of business, the gift cards will have no value.

**6. When will Circuit City's Web site, [www.circuitcity.com](http://www.circuitcity.com), go offline?**

Circuit City's Web site and call center will continue to operate through the weekend of January 17-18, 2009.

**7. When will the liquidation sales begin?**

Liquidation sales begin as early as Saturday, January 17, 2009, and will last as long as it takes to sell through the merchandise at each of the stores. We expect the sales to wrap up by the end of March 2009.

**8. What payment types will be accepted in the liquidation stores?**

Stores in liquidation will accept cash, Circuit City gift cards and most credit cards. Personal checks will not be accepted. All sales are final.

**9. What about returns and refunds?**

Customers can return products they purchased prior to January 16 for a 14-day period for exchange or refunds. All other terms of return policy are in force.

When closing sales begin, on or around January 17, 2009, all sales will be final.

**Associate Concerns**

**1. How will this affect Associates' paychecks and direct deposits?**

Paychecks will continue to be issued through your employment with Circuit City. If you experience any problems, contact the Associate Service Center at 1-800-288-6353.

**2. Will banks continue to accept payroll checks issued by Circuit City?**

We expect banks will continue to accept payroll checks issued by Circuit City. In the unlikely event you do have difficulties please contact your store manager. Every paycheck issued by Circuit City will be made good.

**3. Will I be eligible for unemployment benefits?**

Please contact your State Employment Commission with questions regarding general eligibility/filing requirements and information related to your specific situation.

**4. What happens to my 401(k)?**



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The funds in the 401(k) are held in trusts, annuity contracts or custodial accounts for the sole use of plan participants. Neither Circuit City nor its creditors may access those funds.

**5. Can associates still take planned vacations?**

All vacation requests will still require advance notice and permission from your supervisor; approval will be dependent on the operating needs of each department or store.

**6. Are there any changes to Circuit City's paid-time-off (PTO) policy?**

As a result of the bankruptcy filing, Circuit City will not pay Associates unused PTO hours upon termination of employment. To the extent an employee is terminated and at the time of termination has accrued, but has not used PTO, such employee will not receive payment of amounts on account of such PTO at the time of termination. Instead, during the bankruptcy proceeding, each employee (current and former) will receive a Proof of Claim Form. The Proof of Claim Form may be completed by each employee for any "claims", including, without limitation, unpaid PTO at the time the employee receives the Proof of Claim Form.

**7. Will associates be reimbursed for expense reports that were filed prior to the filing?**

Yes. We have received authority to make such payments.

**8. What about the employee stock purchase plan (ESPP)?**

The ESPP has been suspended. Associates currently enrolled in the plan should have received a letter that was mailed November 13 that explained that deductions since October 1, 2008, have not been used to purchase stock and will be refunded to participants. As of November 10, no new enrollees will be accepted into the plan.

**9. What happens to the tuition reimbursement and adoption assistance programs?**

Both of these programs have been suspended. We intend to honor the tuition reimbursement program for associates we currently have on record for the current semester (inclusive of November 10) who are properly enrolled in the program, but will not provide assistance for future terms.

**10. Can we still use our associate purchase discount?**

No. Effective immediately, the associate purchase discount is no longer in effect.

**11. What happens to the Pension Plan?**

Approximately 6,000 current associates are eligible for the plan which is held in a trust with Wachovia Bank, N.A. We will continue to pay benefits under the pension plan.

**12. I have questions about the "Notice of Deadline for Filing Proofs of Claim" that I received in the mail. What do I do?**

An FAQ about the Notice is accessible via a direct link to "Chapter 11 News Archive" from Company Headlines on ccity.com.